

**Unaudited 9 Months and Third Quarter Financial Statement and Related Announcement for the Period Ended 30 June 2017**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) Consolidated Statement of Comprehensive Income for the 9 months and third quarter ended 30 June 2017**

	<b>9 Months 2017 \$'000</b>	9 Months 2016 \$'000	+ / (-) %	<b>3<sup>rd</sup> Quarter 2017 \$'000</b>	3 <sup>rd</sup> Quarter 2016 \$'000	+ / (-) %
Revenue	<b>219,083</b>	256,259	(15)	<b>70,232</b>	87,651	(20)
Cost of sales	<b>(204,095)</b>	(234,886)	(13)	<b>(67,283)</b>	(77,027)	(13)
Gross profit	<b>14,988</b>	21,373	(30)	<b>2,949</b>	10,624	(72)
Other income [ note (a) ]	<b>419</b>	337	24	<b>131</b>	72	82
Expenses						
- Distribution expenses	<b>(3,163)</b>	(3,384)	(7)	<b>(1,200)</b>	(1,311)	(8)
- Administrative expenses	<b>(4,859)</b>	(5,454)	(11)	<b>(1,452)</b>	(2,321)	(37)
- Finance costs	<b>(1,354)</b>	(983)	38	<b>(545)</b>	(307)	78
- Other operating expenses	<b>(3,576)</b>	(6,535)	(45)	<b>(947)</b>	(310)	205
Share of results of joint venture	<b>(743)</b>	830	(190)	<b>(298)</b>	189	(258)
Profit / (loss) before tax [ note (b) ]	<b>1,712</b>	6,184	(72)	<b>(1,362)</b>	6,636	(121)
Income tax expense	<b>(977)</b>	(988)	(1)	<b>108</b>	(988)	(111)
Profit / (loss), net of tax	<b>735</b>	5,196	(86)	<b>(1,254)</b>	5,648	(122)
Other comprehensive (loss) / income:						
- Net exchange (loss) / gain on net investment in foreign operation	<b>(346)</b>	403	(186)	<b>178</b>	(357)	(150)
- Foreign currency translation	<b>(318)</b>	(843)	(62)	<b>107</b>	(431)	(125)
Other comprehensive (loss) / gain for the financial period, net of tax	<b>(664)</b>	(440)	51	<b>285</b>	(788)	(136)
Total comprehensive income / (loss) for the financial period	<b>71</b>	4,756	(99)	<b>(969)</b>	4,860	(120)
Profit / (loss) net of tax attributable to:						
Owners of the parent	<b>795</b>	5,197	(85)	<b>(1,316)</b>	5,648	(123)
Non-controlling interests	<b>(60)</b>	(1)	n.m.	<b>62</b>	-	n.m.
	<b>735</b>	5,196	(86)	<b>(1,254)</b>	5,648	(122)
Total comprehensive income / (loss) attributable to:						
Owners of the parent	<b>131</b>	4,760	(97)	<b>(1,028)</b>	4,860	(121)
Non-controlling interests	<b>(60)</b>	(4)	n.m.	<b>59</b>	-	n.m.
	<b>71</b>	4,756	(99)	<b>(969)</b>	4,860	(120)

n.m. denotes not meaningful

	<b>9 Months 2017 \$'000</b>	9 Months 2016 \$'000	+ / (-) %	<b>3<sup>rd</sup> Quarter 2017 \$'000</b>	3 <sup>rd</sup> Quarter 2016 \$'000	+ / (-) %
<b>Note (a) - Other income</b>						
Interest Income	132	46	187	53	17	212
Sundry Income	73	7	943	4	3	33
Dividend income from available-for-sale financial assets	5	2	150	5	2	150
Government grant	181	282	(36)	42	50	(16)
Gain on disposal of property, plant and equipment	28	-	n.m.	27	-	n.m.
Total	<b>419</b>	337	24	<b>131</b>	72	82

**Note (b) - Profit before tax is arrived at after charging / (crediting) the following:**

Interest expense on borrowings	1,354	983	38	545	307	78
Depreciation of property, plant and equipment	5,258	4,854	8	1,703	1,726	(1)
Operating lease expense	3,567	3,753	(5)	1,276	1,288	(1)
Provision / (reversal of provision) for onerous contracts [3]	4,268	720	493	(2,748)	2,358	(217)
Fair value changes on currency forward contracts, net [2]	769	1,222	(37)	(200)	(1,258)	(84)
Foreign exchange loss, net [1]	609	3,327	(81)	407	934	(56)
Allowance / (reversal of allowance) for impairment of receivables, net	16	(18)	(189)	-	(63)	n.m.
(Reversal of allowance) / allowance for inventory obsolescence	(1,100)	(1,158)	(5)	-	250	n.m.
(Gain) / loss on disposal of property, plant and equipment	(28)	103	(127)	(27)	(4)	575

**Comments on Group Profit and Loss**

- [1] The Group and the Company have transactional currency exposures arising from purchases which are denominated in a currency other than the respective functional currencies of the Group entities. The foreign currencies in which these transactions are denominated are mainly US Dollars and Malaysian Ringgit.
- [2] Currency forward contracts are mostly used to hedge exposure to foreign currency exchange risk arising from purchases of steel which are mainly denominated in US Dollars. As the Group does not adopt hedge accounting under FRS 39, changes to fair value of foreign currency forward contracts are recognised immediately in the profit and loss.
- [3] Provision for onerous contracts are made for sales contracts under which the costs to meet the obligations are expected to exceed the sales value. These provisions are released when the contractual obligations are met or when the costs to meet the obligations no longer exceed the sales value.

**1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	<u>The Group</u>		<u>The Company</u>	
	June 2017 \$'000	September 2016 \$'000	June 2017 \$'000	September 2016 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	87,796	77,679	67,480	68,233
Investment in subsidiaries	-	-	30,162	30,162
Investment in joint venture	9,233	10,162	6,076	6,076
Loan to investee companies	8,281	4,321	8,281	4,321
Available-for-sale financial assets	3,743	2,243	3,743	2,243
	<b>109,053</b>	<b>94,405</b>	<b>115,742</b>	<b>111,035</b>
<b>Current assets</b>				
Inventories	92,091	91,445	87,204	84,079
Trade and other receivables	61,753	66,007	52,834	57,355
Amount due from subsidiaries	-	-	19,449	4,950
Prepayments	4,944	4,198	337	1,740
Derivative financial instruments	-	543	-	521
Deposits	264	245	234	229
Cash and cash equivalents	13,642	11,938	6,207	7,657
	<b>172,694</b>	<b>174,376</b>	<b>166,265</b>	<b>156,531</b>
<b>Total assets</b>	<b>281,747</b>	<b>268,781</b>	<b>282,007</b>	<b>267,566</b>
<b>Current liabilities</b>				
Trade and other payables	28,493	31,896	19,372	30,600
Provisions	6,860	2,592	6,388	2,592
Amount due to a subsidiary	-	-	70	70
Advances received	321	1,459	163	1,459
Derivative financial instruments	226	-	226	-
Loan and borrowings	58,072	39,613	58,073	34,399
Current income tax liabilities	1,161	780	1,181	795
	<b>95,133</b>	<b>76,340</b>	<b>85,473</b>	<b>69,915</b>
<b>Non-current liabilities</b>				
Provisions	393	427	393	427
Loan and borrowings	10,804	12,135	10,804	12,135
Deferred income tax liabilities	8,267	8,267	8,267	8,267
	<b>19,464</b>	<b>20,829</b>	<b>19,464</b>	<b>20,829</b>
<b>Total liabilities</b>	<b>114,597</b>	<b>97,169</b>	<b>104,937</b>	<b>90,744</b>
<b>Net assets</b>	<b>167,150</b>	<b>171,612</b>	<b>177,070</b>	<b>176,822</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	68,011	68,011	68,011	68,011
Treasury shares	(1,105)	(1,044)	(1,105)	(1,044)
Capital reserve	597	597	597	597
Fair value adjustment reserve	(72)	(72)	(72)	(72)
Share option reserve	885	974	885	974
Foreign currency translation reserve	(3,356)	(2,692)	-	-
Retained earnings	102,245	105,833	108,754	108,356
<b>Equity attributable to owners of the Company</b>	<b>167,205</b>	<b>171,607</b>	<b>177,070</b>	<b>176,822</b>
<b>Non-controlling interests</b>	<b>(55)</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>167,150</b>	<b>171,612</b>	<b>177,070</b>	<b>176,822</b>
<b>Total equity and liabilities</b>	<b>281,747</b>	<b>268,781</b>	<b>282,007</b>	<b>267,566</b>

## 1(b)(ii) Aggregate amount of group's borrowings and debt securities

### Amount repayable in one year or less, or on demand

	June 2017		September 2016	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bills payable	-	56,097	-	37,056
Finance lease liabilities	1,975	-	2,557	-
	<b>1,975</b>	<b>56,097</b>	<b>2,557</b>	<b>37,056</b>

### Amount repayable after one year

	June 2017		September 2016	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Finance lease liabilities	804	-	2,135	-
Convertible bonds	-	10,000	-	10,000
	<b>804</b>	<b>10,000</b>	<b>2,135</b>	<b>10,000</b>

### Details of any collateral

Finance lease liabilities of S\$2.8 million (2016: S\$4.7 million) are secured by certain plant and equipment. The carrying amount of plant and equipment held under finance leases is S\$8.5 million (2016: S\$9.1 million) at the balance sheet date.

**1(c) A Statement of Cash Flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>9 Months 2017 \$'000</b>	9 Months 2016 \$'000	<b>3<sup>rd</sup> Quarter 2017 \$'000</b>	3 <sup>rd</sup> Quarter 2016 \$'000
<b>Cash flows from operating activities</b>				
Profit / (loss) before tax	1,712	6,184	(1,362)	6,636
Adjustments for :				
Share of results of joint venture	743	(830)	298	(189)
Depreciation of property, plant and equipment	5,258	4,854	1,703	1,726
(Reversal of allowance) / allowance for inventory obsolescence	(1,100)	(1,158)	-	250
Allowance / (reversal of allowance) for impairment of receivables	16	(18)	-	(63)
Fair value changes on derivatives, net	769	1,222	(200)	(1,258)
(Gain) / loss on disposal of property, plant and equipment	(28)	103	(27)	(4)
Provision / (reversal of allowance) for onerous contracts	4,268	720	(2,748)	2,358
Unrealised exchange differences	(597)	600	244	(490)
Interest expense	1,354	983	545	307
Interest income	(132)	(46)	(53)	(17)
Dividend income	(5)	(2)	(5)	(2)
<b>Operating cash flow before working capital changes</b>	<b>12,258</b>	12,612	<b>(1,605)</b>	9,254
Change in operating assets and liabilities				
Trade and other receivables	4,238	(971)	(3,653)	1,975
Inventories	454	12,873	32,742	(31,891)
Other current assets	(765)	4,711	1,179	(94)
Trade and other payables	(4,541)	(4,343)	(8,952)	(2,511)
<b>Cash flows from / (used in) operations</b>	<b>11,644</b>	24,882	<b>19,711</b>	(23,267)
Income tax paid	(596)	(2,270)	(295)	(869)
Retirement benefits paid	(34)	(80)	-	-
<b>Net cash flows from / (used in) operating activities</b>	<b>11,014</b>	22,532	<b>19,416</b>	(24,136)
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment	(15,347)	(12,539)	(10,503)	(747)
Purchase of available-for-sale financial assets	(1,500)	(282)	-	-
Interest received	132	46	53	17
Dividend income from investment in available-for-sale financial assets	5	2	5	2
Dividend income from investment in joint venture	120	-	120	-
Long term loan to investee company	(3,960)	(2,300)	-	(2,300)
<b>Net cash flows used in investing activities</b>	<b>(20,550)</b>	(15,073)	<b>(10,325)</b>	(3,028)
<b>Cash flows from financing activities</b>				
Purchase of treasury shares	(61)	(355)	-	(19)
Repayment of finance lease liabilities	(1,913)	(9,466)	(641)	(3,158)
Net proceed from / (repayment of) bills payable to banks	19,041	12,472	(6,018)	34,796
Dividends paid	(4,472)	(3,731)	-	-
Interest paid	(1,354)	(983)	(545)	(307)
<b>Net cash flows generated from / (used in) financing activities</b>	<b>11,241</b>	(2,063)	<b>(7,204)</b>	31,312
<b>Net increase in cash and cash equivalents</b>	<b>1,705</b>	5,396	<b>1,887</b>	4,148
Cash and cash equivalents at beginning of financial period	11,938	13,940	11,758	15,155
Effects of exchange rate changes on cash and cash equivalents	(1)	(33)	(3)	-
<b>Cash and cash equivalents at end of financial period</b>	<b>13,642</b>	19,303	<b>13,642</b>	19,303

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Statement of Changes in Equity – Group**

	<u>Attributable to Owners of Parent</u>							<u>Non-controlling interests</u>	<u>Equity, Total</u>	
	<u>Share capital</u>	<u>Treasury shares</u>	<u>Capital reserve</u>	<u>Fair value reserve</u>	<u>Share option reserve</u>	<u>Currency translation reserve</u>	<u>Retained earnings</u>			<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 October 2015	68,011	(689)	597	(80)	974	(2,116)	101,221	167,918	(56)	167,862
Profit, net of tax	-	-	-	-	-	-	5,197	5,197	(1)	5,196
Other comprehensive income for the financial period	-	-	-	-	-	(437)	-	(437)	(3)	(440)
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	(437)	5,197	4,760	(4)	4,756
Cash dividends on ordinary shares	-	-	-	-	-	-	(3,731)	(3,731)	-	(3,731)
Purchase of treasury shares	-	(355)	-	-	-	-	-	(355)	-	(355)
<b>Total contributions by and distribution to owners</b>	-	(355)	-	-	-	-	(3,731)	(4,086)	-	(4,086)
<b>Balance at 30 June 2016</b>	<b>68,011</b>	<b>(1,044)</b>	<b>597</b>	<b>(80)</b>	<b>974</b>	<b>(2,553)</b>	<b>102,687</b>	<b>168,592</b>	<b>(60)</b>	<b>168,532</b>
Balance at 1 October 2016	68,011	(1,044)	597	(72)	974	(2,692)	105,833	171,607	5	171,612
Profit, net of tax	-	-	-	-	-	-	795	795	(60)	735
Other comprehensive income for the financial period	-	-	-	-	-	(664)	-	(664)	-	(664)
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	<b>(664)</b>	<b>795</b>	<b>131</b>	<b>(60)</b>	<b>71</b>
Cash dividends on ordinary shares	-	-	-	-	-	-	(4,472)	(4,472)	-	(4,472)
Purchase of treasury shares	-	(61)	-	-	-	-	-	(61)	-	(61)
<b>Total contributions by and distribution to owners</b>	-	<b>(61)</b>	-	-	-	-	<b>(4,472)</b>	<b>(4,533)</b>	-	<b>(4,533)</b>
<b>Employee share options forfeited</b>	-	-	-	-	<b>(89)</b>	-	<b>89</b>	-	-	-
<b>Balance at 30 June 2017</b>	<b>68,011</b>	<b>(1,105)</b>	<b>597</b>	<b>(72)</b>	<b>885</b>	<b>(3,356)</b>	<b>102,245</b>	<b>167,205</b>	<b>(55)</b>	<b>167,150</b>

## Statement of Changes in Equity-Company

	<u>Share capital</u> \$'000	<u>Treasury shares</u> \$'000	<u>Capital reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Share option reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Balance at 1 October 2015	68,011	(689)	597	(80)	974	103,060	171,873
Profit, net of tax	-	-	-	-	-	4,828	4,828
<b>Total comprehensive income for the financial year</b>	-	-	-	-	-	<b>4,828</b>	<b>4,828</b>
Cash dividends on ordinary shares	-	-	-	-	-	(3,731)	(3,731)
Purchase of treasury shares	-	(355)	-	-	-	-	(355)
<b>Total contributions by and distribution to owners</b>	-	(355)	-	-	-	(3,731)	(4,086)
<b>Balance at 30 June 2016</b>	<b>68,011</b>	<b>(1,044)</b>	<b>597</b>	<b>(80)</b>	<b>974</b>	<b>104,157</b>	<b>172,615</b>
Balance at 1 October 2016	68,011	(1,044)	597	(72)	974	108,356	176,822
Profit, net of tax	-	-	-	-	-	4,781	4,781
<b>Total comprehensive income for the financial year</b>	-	-	-	-	-	<b>4,781</b>	<b>4,781</b>
Cash dividends on ordinary shares	-	-	-	-	-	(4,472)	(4,472)
Purchase of treasury shares	-	(61)	-	-	-	-	(61)
<b>Total contributions by and distribution to owners</b>	-	(61)	-	-	-	(4,472)	(4,533)
<b>Employee share options forfeited</b>	-	-	-	-	<b>(89)</b>	<b>89</b>	-
<b>Balance at 30 June 2017</b>	<b>68,011</b>	<b>(1,105)</b>	<b>597</b>	<b>(72)</b>	<b>885</b>	<b>108,754</b>	<b>177,070</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

<b><u>Number of issued shares (excluding treasury shares)</u></b>	2017	2016
As at 1 March	186,335,089	186,483,489
Purchase of treasury shares	-	(33,500)
As at 30 June	<u>186,335,089</u>	<u>186,449,989</u>

<b><u>Number of treasury shares</u></b>	2017	2016
As at 30 June	1,626,600	1,511,700
Percentage of number of treasury shares against the total number of issued shares excluding treasury shares	0.87%	0.81%

### **Share Options**

The BRC Share Option Scheme 2011 (the 'Option Scheme') for employees of the Company was approved by members of the Company at the Extraordinary General Meeting held on 25 January 2011.

Movement of share options during the 3 months ended 30 June 2016

Outstanding at 1 April 2017	5,546,600
- Forfeited between April 2017 to June 2017	(496,000)
Outstanding at 30 June 2017	<u>5,050,600</u>

### **Convertible Bonds**

The Company issued S\$10,000,000 equity-linked redeemable convertible bonds on 16 May 2014. The total net proceeds of S\$10,000,000 had been used to pay off part of the Company's existing trust receipts.

The convertible bonds outstanding were as follows:

Principal amount outstanding	30 June 2017	30 June 2016
<b><u>Convertible bonds due 2019</u></b>		
S\$10 million at 5 percent per annum		
Maturity date	16 May 2019	16 May 2019
Conversion price	S\$1.00	S\$1.00

Assuming all convertible bonds are fully converted based on the conversion price, the number of new shares to be issued will be 10,000,000, representing 5.37% of the total number of shares in issue (excluding treasury shares) as at 30 June 2017 and 5.36% of the total number of shares in issue (excluding treasury shares) as at 30 June 2016 respectively.



**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	<b>30 June 2017</b>	<b>30 September 2016</b>
Total number of issued shares	186,335,089	186,449,989

**1(d)(iv) A statement showing all sales, transfer, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Number of treasury shares

As at 1 October 2016	1,511,700
Purchases	<u>114,900</u>
As at 30 June 2017	<u>1,626,600</u>

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

Not applicable.

**2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard**

The figures have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation to the financial statements for the current financial year and the most recent audited annual financial statements for the financial year ended 30 September 2016.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted the new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") which became effective for the current financial year, where applicable. The adoption of these FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and there is no material impact on the financial statements of the Group since 1 October 2016.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

**Earnings / (loss) per ordinary share (cents)**

<b>The Group</b>	<b>9 Months 2017</b>	9 Months 2016	<b>3<sup>rd</sup> Quarter 2017</b>	3 <sup>rd</sup> Quarter 2016
- Basic	<b>0.427</b>	2.788	<b>(0.706)</b>	3.029
- Diluted basis	<b>0.427</b>	2.788	<b>(0.706)</b>	3.029

Earnings / (loss) per ordinary share were calculated based on weighted average number of shares during the period.

Weighted average number of shares for basic earnings per share computation as of 30 June 2017 and 30 June 2016 were 186,384,985 and 186,449,989 shares respectively.

Weighted average number of shares for diluted earnings per share computation as of 30 June 2017 and 30 June 2016 were 186,384,985 and 186,449,989 shares respectively.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

**Net asset value per ordinary share (cents)**

	<b>June 2017</b>	September 2016
The Group	<b>89.70</b>	92.04
The Company	<b>95.03</b>	94.84

Net asset value per ordinary share was calculated based on 186,335,089 shares as at 30 June 2017 and 186,449,989 shares as at 30 September 2016.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

## **GROUP INCOME STATEMENT**

### **Singapore**

#### *Revenue*

Revenue for the current quarter (3Q17) and first nine months in the current financial year (9M17) decreased 20% from S\$87.7 million to S\$70.2 million and 15% from S\$256.3 million to S\$219.1 million respectively compared to the corresponding quarter (3Q16) and nine months (9M16) in the previous financial year.

The decrease in revenue is mainly attributable to a lower volume of steel delivered because of weaker construction demand.

#### *Gross profit and gross profit margin*

Intense industry competition borne out of excess production capacities in a soft property and construction market environment continued to put pressure on profit margins. 9M17 gross profit decreased 30% from S\$21.4 million to S\$15.0 million as gross profit margin fell to 6.8% from 8.3%. Correspondingly, gross profit decreased 72% from S\$10.6 million in 3Q16 to S\$2.9 million in 3Q17.

#### *Distribution cost and administrative expenses*

The decrease in distribution expenses in 9M17 was mainly due to a reduction in prompt payment discounts given to customers, offset by higher personnel costs.

The decrease in administrative expenses in 9M17 was mainly a result of decrease in personnel related costs.

#### *Finance costs*

The increase in finance costs was attributable to higher average borrowings to finance steel purchases.

#### *Other operating expenses*

The decrease in other operating expenses was mainly due to lower foreign exchange losses.

A net foreign exchange loss of S\$0.61 million and mark-to-market loss of S\$0.77 million on currency forward contracts were recorded in 9M17 as compared to a net foreign exchange loss of S\$3.3 million and mark-to-market loss of S\$1.2 million on currency forward contracts in 9M16.

As the Group does not adopt hedge accounting under FRS 39, changes to fair value of foreign currency forward contracts are recognised immediately in profit and loss.

## **GROUP BALANCE SHEET & CASH FLOW**

As at 30 June 2017, the Group's balance sheet remained strong with net assets of S\$167.2 million and net asset value per ordinary share of 89.70 Singapore cents.

The Group's property, plant and equipment increased by S\$10.1 million to S\$87.8 million mainly due to the purchase of machinery and equipment as well as building additions during the period which was partly off-set by depreciation charges.

The Group's inventories increased by S\$0.6 million to S\$92.1 million due to higher inventory levels as well as higher steel costs.

The Group's trade and other receivables was lower by S\$0.4 million to S\$61.8 million as at 30 June 2017 due to lower sales in 3Q17 as compared to the last quarter of the previous financial year.

Prepayments were higher by approximately \$0.7 million because of advance payments for the purchase of machinery.

The Group's trade and other payables decreased by S\$3.4 million to S\$28.5 million mainly due to lower unpaid goods in transit for imported raw materials.

The increase in provisions was mainly related to provisions for certain sales contracts for which the costs to deliver for the balance of the contracted volume was expected to exceed the revenue to be received under them.

The Group's loan and borrowings were higher by S\$17.1 million due to higher trade bills which were partially offset by repayments to finance lease creditors.

Net cash flows generated from operating activities for 9M17 was S\$11.0 million. Net cash used in investing activities was mainly for purchases of plant and equipment of S\$15.3 million and loan to investee companies of S\$4.0 million. Net cash inflows from financing activities was largely proceeds from borrowings of S\$19.0 million, partly offset by payments of dividends of S\$4.5 million.

### **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The Group's results for 9M17 and 3Q17 were in line with the commentary in paragraph 10 of the previous Results Announcement.

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

**SINGAPORE**

The following 2 tables compare the supply in the “under construction” and “planned development” pipelines over the last 12 quarters (3<sup>rd</sup> quarter 2014 to 2<sup>nd</sup> quarter 2017) for private residences, executive condominiums (ECs), offices, retail, hotels and industrial properties.

**Supply in the Pipeline<sup>1</sup> – “Planned Development”**

Property type \ As at end	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16	4Q15	3Q15	2Q15	1Q15	4Q14	3Q14
Private residential units (no. of units)	5,632	4,325	6,399	4,819	6,148	6,697	7,158	5,569	6,531	9,096	9,664	10,495
Executive condominiums (no. of units)	0	0	0	531	0	510	0	0	632	1,651	1,155	2,495
Office space ('000 sq m)	239	222	169	157	226	184	278	167	193	134	94	101
Retail space ('000 sq m)	64	49	113	98	108	133	198	188	171	173	275	264
Hotel rooms (no. of rooms)	742	765	655	349	348	348	802	1,061	1,450	2,172	2,847	1,653
Factory & warehouse space ('000 sq m)	774	1,052	919	1,283	1,403	1,495	1,446	1,559	1,736	1,984	1,771	2,357

**Supply in the Pipeline – “Under Construction”**

Property type \ As at end	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16	4Q15	3Q15	2Q15	1Q15	4Q14	3Q14
Private residential units (no. of units)	29,791	32,617	34,514	38,874	41,102	46,815	48,480	52,779	54,706	59,105	59,296	64,001
Executive condominiums (no. of units)	7,779	9,074	9,635	10,523	11,554	12,077	14,127	14,540	14,069	13,790	13,065	11,636
Office space ('000 sq m)	480	604	617	722	796	825	715	741	769	746	814	986
Retail space ('000 sq m)	512	557	482	554	626	650	610	598	603	550	510	620
Hotel rooms (no. of rooms)	4,827	6,013	5,841	6,025	6,197	7,560	7,712	9,469	9,517	9,996	2,847	1,653
Factory & warehouse space ('000 sq m)	3,167	3,290	3,475	3,560	3,865	4,177	4,391	4,610	4,628	4,560	4,236	4,300

**Sources: Urban Redevelopment Authority of Singapore (URA) quarterly real estate statistics; Jurong Town Corporation (JTC) quarterly market reports**

<sup>1</sup> Refers to new development and redevelopment projects with planning approvals (i.e. Provisional Permission, Written Permission). A Written Permission (WP) is a final approval, as compared with a Provisional Permission (PP), granted under the Planning Act for a proposed development.

The above tables clearly show a shrinking construction supply pipeline for residential, executive condominium, office, retail, hotel and industrial properties. As at the end of 2<sup>nd</sup> quarter 2017, with the exception of retail and hotel spaces, we are at the lowest point for all the other segments in terms of volume under construction compared with the preceding 11 quarters. Notably, private residences under construction have fallen by a massive 34,210 units from 64,001 units to 29,791 units during this period.

On the public residential housing front, the Housing & Development Board (HDB) has launched 12,755 Build-to-Order (BTO) flats thus far this year, and has indicated that the total BTO supply for 2017 would be about 17,500 units.<sup>2</sup> This would be in line with HDB's forecast of 17,000 BTO units given earlier in the year.<sup>3</sup> It is important to point out that the pipeline of new public housing flats has also been moderating in the last 3 years. Compared to the preceding 4 years (2011-2014), where an average of 24,970 BTO flats were launched per year, only about 16,797 BTO flats per year would be launched from 2015 to 2017<sup>4</sup>.

In short, the construction industry remains well and truly mired in a downward cycle. This is despite some recent encouraging signs that growth may be returning to the property development sector, which, even if true, will take some time to translate into construction demand. We can therefore expect that the construction supply chain, which reinforcing steel is an integral part of, will continue to experience highly challenging market conditions in the next 12 months.

#### CHINA

Operating conditions in China remain challenging, hampering the progress of BRC's joint venture there.

#### MALAYSIA

In the last year, our Malaysia business has grown from mainly catering to Singapore precast companies that have expanded or relocated to Johor to manufacture and supply precast components back to Singapore, to developing the resources necessary to compete for local construction projects. This is a step in the direction of becoming a regional reinforcing steel player. While we can expect the challenges ahead on this front to be numerous, we are patient and cautiously optimistic that we can succeed in bringing our **Better • Faster • Cheaper Total Reinforcing Steel Solutions** outside Singapore.

## 11. **Dividend**

### **Current Financial Period Reported On**

Any Dividend declared for the current financial period reported on?

Nil

### **(b) Corresponding Period of the Immediately Preceding Financial Year**

Any Dividend declared for the corresponding period of the immediately preceding financial year?

Nil

### **(c) Date payable**

Not applicable

### **(d) Books closure date**

Not applicable

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<sup>2</sup> <http://www.hdb.gov.sg/cs/infoweb/press-releases/hdb-launches-5291-flats-in-aug-2017-bto->

<sup>3</sup> <http://www.hdb.gov.sg/cs/infoweb/press-releases/corporate-pr-26012017-release-of-4th-quarter-2016>

<sup>4</sup> In 2011, 2012, 2013, 2014, 2015 and 2016 according to data obtained from HDB's website, HDB launched 25,200, 27,084, 25,139, 22,455, 15,000 and 17,891 BTO flats respectively.

**12. If no dividend has been declared/recommended, a statement to that effect**

No dividend has been declared or recommended for the financial period ended 30 June 2017.

**13. Interested person transactions**

Name of interested person and nature of transaction	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)*		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)*	
	9 months ended 30 June 2017	3 <sup>rd</sup> Quarter ended 30 June 2017	9 months ended 30 June 2017	3 <sup>rd</sup> Quarter ended 30 June 2017
HG Construction Steel Pte Ltd	Sales – S\$316,000	Sales – S\$90,000	-	-
HG Metal Manufacturing Pte Ltd	Sales - S\$15,000	-	-	-
Gnoh Hock Realty Pte Ltd	Convertible bond interest – S\$50,000	Convertible bond interest – S\$25,000	-	-

The group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the listing manual of the Singapore Exchange Securities Trading Limited.

**14. Confirmation pursuant to Rule 705(5) of the SGX Listing Manual**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the third quarter and nine months ended 30 June 2017 to be false or misleading.

**15. Confirmation that the issuer has procured undertakings for all its directors and executive officers (in format set out in Appendix 7.7) under Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers in format that set out in Appendix 7.7 under Rule 720(1) of the listing manual.

On behalf of the Board of Directors

Lim Siak Meng  
Group Managing Director

Seah Kiin Peng  
Executive Director

Singapore  
14 August 2017